



**Revenue Information Bulletin No. 08-027**

**September 8, 2008**

**Individual Income Tax**

**Timing of Federal Casualty Loss Deductions Following Hurricane Gustav**

According to Internal Revenue Service Release IR 2008-100, issued September 3, 2008, affected taxpayers in a presidentially declared disaster area have the option of claiming disaster-related casualty losses on their federal income tax return for either 2007 or 2008. The IRS states that claiming the loss on an original or amended return for 2007 may get the taxpayer an earlier refund, but waiting to claim the loss on the 2008 return could result in a greater tax saving, depending on other income factors.

The Louisiana Department of Revenue is reminding taxpayers that the year they choose to deduct their federal casualty loss will impact their state tax liability. Louisiana allows taxpayers who itemize to deduct a percentage of their “excess itemized deductions” when determining their Louisiana taxable income. Excess itemized deductions are the amount that a taxpayer’s federal itemized deductions exceed the federal standard deduction for the taxpayer’s filing status.

During 2007, taxpayers were allowed to deduct 57.5 percent of their excess itemized deductions. For the 2008 tax year, taxpayers will be allowed to deduct 65 percent of their excess itemized deductions.

Cynthia Bridges  
Secretary

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